Public Assistance Alternative Procedures (Section 428)

Guide for Permanent Work

FEMA-4339-DR-PR

April 2018



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1. Overview

On October 30, 2017, the Commonwealth of Puerto Rico elected to participate in alternative procedures for all large project funding for Public Assistance (PA) Categories C-G, pursuant to section 428 of the Stafford Act, for permanent work following Hurricane Maria. Additionally, in a letter dated November 2, 2017,[1] the President authorized federal funds for all categories of PA at 90 percent of total eligible costs, except for assistance previously approved at 100 percent. In accordance with the President's letter, the increased federal cost share is subject to the following grant conditions:

1. The Commonwealth must establish a Commonwealth grant oversight authority, supported by third-party experts, to perform as the grant recipient for Public Assistance and Hazard Mitigation funding to ensure sound project management and enhanced, centralized control and oversight over the distribution of FEMA grant funds;[2]
2. All large project funding for Public Assistance Categories C-G must be obligated by FEMA only through alternative procedures as FEMA shall establish under section 428 of the Stafford Act, including third-party independent expert validation of estimates for projects exceeding a threshold FEMA shall establish consistent with the law; and
3. Hazard Mitigation grant funding available under section 404 of the Stafford Act must be prioritized toward protecting federal investments in Puerto Rico's public infrastructure.

A. Applicability

The alternative procedures included in this guide apply to all PA-funded large permanent work projects[3] under FEMA-4339-DR-PR. This guide does not apply to FEMA-4336-DR-PR.[4] Previous versions of the PA Alternative Procedures guide for permanent work are not applicable. Major changes between the PA Alternative Procedures Guide for Permanent Work Version 3, published on March 29, 2016,[5] and this guide are provided in Appendix A. Specific procedures that must be followed to implement this guide can be found in the document titled *Public Assistance Alternative Procedures (Section 428) Standard Operating Procedures; FEMA-4339-DR-PR.*

B. Terminology Used Throughout this Guide

For consistency and clarity, the following terms used throughout this guide are defined below:

- The **Recipient** refers to the Government of Puerto Rico.

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[1] Published to the Federal Register at www.federalregister.gov/documents/2017/11/16/2017-24908/major-disaster-declarations-puerto-rico-amendment-no-5

[2] On October 23, 2017, the Governor of Puerto Rico, ordered the creation of the Central Recovery and Reconstruction Office (CRRO) of Puerto Rico under the authority of the Puerto Rico Financial Emergency and Fiscal Responsibility Act (Act No. 5-2017). The CRRO will act as the grant over sight authority.

[3] For disasters declared during FY 2017, including FEMA-4339-DR-PR, the large project threshold is $123,100.00.

[4] Pursuant to an October 6, 2017 letter from Federal Coordinating Officer Mike Byrne to Governor Ricardo A. Rosselló Nevares titled "FEMA-4336-DR-PR and FEMA-4339-DR-PR Public Assistance Operating Procedures Designating work required by Hurricane Irma versus Hurricane Maria," any permanent work started before 12:00am on September 17, 2017 will be attributed to DR-4336, using the traditional PA procedures. Any work started after that time, regardless of whether the work was required by Hurricane Irma or Hurricane Maria, will be attributed to DR-4339 and will follow the procedures established in this guide.

[5] www.fema.gov/alternative-procedures

- The term **Subrecipient** refers to an agency of the Government of Puerto Rico, a municipality, or an eligible private nonprofit organization[6] receiving a PA subaward for eligible work.
- Eligible permanent **work** necessary to repair, restore, or replace a disaster-damaged facility is used to develop a **project**.
- **Cost estimates** are developed for eligible **work**. The agreed-upon **cost estimate** for all **work** associated with a **project** is the fixed estimate for that **project**.
- The agreed-upon **cost estimate** is fixed and used to create a **fixed-cost subaward**. The **fixed-cost subaward** is the mechanism through which PA grant funds are obligated for the completion of eligible work.
- **Mitigation** means any cost effective measure which will reduce the potential for damage to a facility from a disaster event[7].
- A **mitigation project** is a logical grouping of any mitigation measures or actions proposed to reduce risk of future damage from disasters.
- Excess funds exist when the final actual cost of the work under all of the Recipient's or a Subrecipient's subawards is less than the cost estimates used as the basis for the fixed-cost subawards. **Excess funds** are discussed in **2.D.3. Use of Excess Funds**.

Other commonly used PA terminology is defined in 44 CFR Part 206, Subparts G and H, as well as the PA Program and Policy Guide (PAPPG),[8] the current version of which was published on January 2018, and is applicable to all emergencies and major disasters declared on or after the date of publication.

C. Purpose of the Guide

This document provides guidance to FEMA, the Recipient, and Subrecipients for implementing the alternative procedures for permanent work. It describes the scope and limitations of the alternative procedures; describes changes to the aspects of the PA Program to which these procedures apply; identifies responsibilities for certain activities; and identifies timelines for key actions and decisions. It does not describe steps for all processes the alternative procedures affect.

FEMA also developed an internal controls document titled *Public Assistance Alternative Procedures (Section 428) Internal Controls Considerations and Assessment Plan*. The purpose of the document is to outline the internal controls related to all FEMA grants to the Commonwealth of Puerto Rico following Hurricane Maria for FEMA-4339-DR-PR.

Where appropriate, FEMA may develop additional guidance and tools for implementation.

D. Sector Coordination and the Recovery Support Functions

PA funding is a key resource and should be integrated into the broader whole community recovery planning process that will take place in coordination with the Recovery Support Functions (RSF), other Commonwealth and federal agencies as appropriate, the Recipient, and Subrecipients.

This includes the prioritization of infrastructure by sectors and providing funding for eligible work focused on those identified sectors. FEMA will coordinate with the appropriate Commonwealth and federal agencies in developing scopes of work, formulating projects, and building resiliency for those

[6] As defined at 42 U.S.C. § 5122(11)
[7] As defined at 44 CFR 206.201(f)

[8] www.fema.gov/media-library/assets/documents/111781

sectors.

This also includes leveraging other federal funding authorities such as the Community Development Block Grant for Disaster Recovery (CDBG-DR).[9]

FEMA and the RSFs will work closely with the Recipient and Subrecipients to:

- Coordinate with public and private sector infrastructure owners and operators and related service providers in planning at all levels;
- Provide technical assistance to all levels of governments for identifying and prioritizing projects for critical infrastructure systems and assets;
- Create an interagency, interjurisdictional recovery planning process;
- Provide adequate federal support and resources to assist the Recipient and Subrecipients with effective recovery planning and redevelopment efforts;
- Encourage the concepts of regional infrastructure resiliency;
- Provide mitigation opportunities that leverage innovative and renewable technologies; and
- Create processes, policies, and timelines that support renewed economic activity.

Utilizing PA alternative procedures for permanent work can assist in aligning recovery efforts with the RSF objectives established above. It allows the Recipient and Subrecipients, working with FEMA, to prioritize the provision of funding for eligible permanent work in ways that best meet the recovery needs of impacted communities, provides flexibility in the use of funds, and expedites the delivery of assistance.

The Recipient and Subrecipients will have the flexibility necessary to formulate projects and fund those projects with fixed cost subawards based on the recovery goals of the Governor and local officials. The FCO shall have the authority to approve the Recipient's and/or Subrecipients' request to consolidate funding approved under fixed cost subawards. Requests are made by the Recipient or Subrecipients through the Recipient. Consolidations may be for one project, multiple projects, one Subrecipient, multiple Subrecipients, or by sector.

In the event that project funding from fixed cost subawards is proposed to come from multiple legal entities, FEMA will permit a Subrecipient with the legal responsibility to conduct permanent work on the facility or facilities to transfer that responsibility to an eligible Subrecipient that will perform the work to complete the proposed project.[10] In order to transfer legal responsibility, the Subrecipients must enter into a Memorandum of Understanding (MOU) or other instrument in accordance with the laws of Puerto Rico. The MOU, or other instrument, must demonstrate an unbroken chain of legal responsibility for repair to the facility or facilities between eligible Subrecipients from the time of the declared event to project closeout.

E. Alternative Procedures for Permanent Work

Section 428 of the Stafford Act identifies these goals for the alternative procedures:

- Reducing the costs to the Federal Government of providing public assistance;
- Increasing flexibility in the administration of such assistance;
- Expediting the provision of assistance to a state, tribal, territorial, or local government, or nonprofit owner or operator of an eligible private nonprofit facility; and

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[9] www.hudexchange.info/programs/cdbg-dr/
[10] This does not include private nonprofit Subrecipients.

- Providing financial incentives and disincentives for timely and cost-effective completion of projects with such assistance.

To achieve these goals, FEMA will work with the Recipient and Subrecipients to develop and reach agreement on fixed-cost estimates for all eligible work under FEMA-4339-DR-PR within 18 months of the date of publication of this guide. During this timeframe, FEMA, the Recipient, and Subrecipients will:

- Identify damaged facilities;
- Capture undamaged elements for hazard mitigation considerations;
- Complete site inspections and assessments;
- Develop and agree to damage descriptions and dimensions (DDD); and
- Develop and agree to scopes of work (SOW) and cost estimates to repair, restore, or replace eligible facilities including Section 406 hazard mitigation.

To expedite recovery and PA program delivery to the extent possible, FEMA will, concurrent with the above programmatic processes, work with the Recipient and Subrecipients to:

- Identify and develop scopes of work for improved and alternate projects;
- Identify mitigation opportunities that can be funded under Section 406 of the Stafford Act and leveraged with Section 404 Hazard Mitigation Grant Program (HMGP) funding;
- Include Environmental and Historic Preservation (EHP) considerations in project formulation and perform compliance reviews; and
- Perform Insurance reviews to determine anticipated or actual proceeds, and identify potential duplication of benefits.

F. Compliance with Applicable Laws, Regulations, and Policies

Section 428 authorizes FEMA to waive notice of rulemaking procedures that would otherwise be required to implement PA alternative procedures. Accordingly, FEMA has developed this document to provide the framework for implementing the permanent work alternative procedures as a pilot program and to establish acceptable requirements for those elements of existing regulations excepted by the provisions of the law. The guidance document addresses exceptions to regulations in 44 CFR §206.203(c)(1); §206.203(d)(2)(ii) and (iii); §206.204(e); §206.205(b); and §206.206.

Section 406 maximizes FEMA's ability to support and encourage hazard mitigation under the PA Program. All hazard mitigation proposals under alternative procedures must be designed using the best available flood hazard data[11] and in compliance with applicable regulations and policy. Mitigation review must be completed prior to obligation of funds including any proposed changes in the approved scope of work and prior to the start of construction for those changes. Furthermore, this guidance does not change Section 404 and its application.

Other than the exceptions noted above, all other statutory and regulatory requirements, and policy guidance of the PA Program apply to the alternative procedures. All other federal requirements, including EHP laws, regulations, and executive orders also apply to alternative procedures subawards. EHP review must be completed prior to obligation of funds. EHP review must also be completed for any proposed changes in the approved scope of work and prior to the start of construction for those changes.

[11] In accordance with the updated version of FEMA Region II Memorandum, dated October 10, 2017, Guidance for the use of Available Flood Hazard Information for the Commonwealth of Puerto Rico in complying with FEMA Policy 104-008-2, 44 CFR Part 9, and Executive Order 11988 (Floodplain Management).

G. Relationship with 404 Mitigation (Hazard Mitigation Grant Program)

The PA Alternative Procedures apply to mitigation measures approved under the authority of Section 406 of the Stafford Act to improve the resiliency of disaster-damaged facilities from future, similar damage to the facilities. Alternatively, FEMA's 404 mitigation grants fund mitigation measures under the authority of Section 404 of the Stafford Act to improve the resiliency of either disaster-damaged or undamaged facilities from future events of any kind. FEMA's 404 mitigation grant process works in parallel to the 406 mitigation grant process. FEMA will begin to assist the Commonwealth in the development of parallel 404 mitigation grant projects as soon as practicable. As noted, for FEMA-4339-DR-PR, hazard mitigation grant funding available under Section 404 of the Stafford Act must be prioritized toward protecting federal investments in Puerto Rico's public infrastructure.

FEMA will evaluate each mitigation opportunity to first determine what measures or portions of solutions could be funded through Section 406 mitigation. Section 406 mitigation should be optimized as this ultimately results in an overall increase in 404 mitigation funding available to Puerto Rico. Mitigation measures found to be ineligible for 406 mitigation, such as those that address undamaged facilities, will then be considered for 404 mitigation funding. In accordance with 44 CFR §206.435(b), Puerto Rico will establish the priorities for the Section 404 mitigation funding. Section 404 funding is distinct and separate from the fixed grant subaward, and will be captured in a discrete application in accordance with the 2015 Hazard Mitigation Assistance Guidance.

2. Permanent Work Alternative Procedures

Under the alternative procedures, FEMA will fund all permanent work large projects on the basis of fixed estimates. This procedure varies from that described in 44 CFR §206.203(c)(1), which provides for funding the actual cost of completing the eligible scope of work. For eligible work that has already been completed, the fixed amount will be based on actual cost. If eligible work has already started, but the restoration has not been completed, the fixed cost may be based on actual and/or estimated costs as appropriate. FEMA review for compliance with EHP laws, executive orders, and other regulations must be completed before funding is obligated or when changes are made to the scope of work.

PA alternative procedures for permanent work under DR-4339-PR will:

- Allow for making awards for permanent work projects on the basis of fixed estimates to provide financial incentives and disincentives for the timely or cost-effective completion of work. The Recipient or Subrecipient is responsible for actual costs that exceed the estimate.
    - Cost estimates for use in the development of fixed-cost subawards can be developed after scopes of work have been agreed upon.
    - Once agreement is reached on the cost estimate for a project or projects, FEMA, the Recipient, and, if applicable, the Subrecipient, will sign a Fixed-Cost Estimate Agreement which is provided in Appendix B.
- Allow Section 406 mitigation funds to be included in the fixed-cost subaward if the recovery measures implemented include reduction of risk from future similar damage, as described in **2.C.1. Hazard Mitigation.**
- Require a third-party independent expert panel to validate any project with a cost estimate of $5 million or more, or at the request of the Recipient or Subrecipient.
- Eliminate the 10% funding reduction for alternate projects under Sections 406(c)(1)&(2) of the Stafford Act.

- Allow for the consolidation of funds associated with fixed-cost subawards across all the facilities of a Recipient or Subrecipient based upon the agreed-upon cost estimates.
- Allow the Recipient or Subrecipient to use all or part of any excess funds for cost-effective activities that reduce risk of future damage, hardship or suffering from a major disaster, and/or other activities that improve future Public Assistance operations or planning.

Project formulation includes identifying Damage Descriptions and Dimensions (DDDs), determining eligible Scopes of Work (SOWs) including Section 406 Hazard Mitigation Proposals (HMPs), and developing cost estimates. The project formulation process will be genuinely collaborative among FEMA, the FEMA Technical Assistance Contractors (TAC), the Recipient, and Subrecipients. Collaboration is necessary throughout the entirety of the process, for all projects, and all Subrecipients.

A genuinely collaborative effort, rooted in a foundation of professional partnerships in the field and at the leadership level, is critical to an efficient and effective project formulation operation. Collaboration requires the personnel responsible for project formulation to work together, maintain open communication, and leverage the technical specialty of each individual involved throughout project formulation, and make substantial effort to reach concurrence.

FEMA will fully consider local engineering expertise to inform project formulation, to include determining the appropriate application of cost estimating methodologies developed by the center of excellence (discussed further in Section B.1 below). FEMA will collaborate with local engineering professionals, particularly those professional architects and engineers hired by Subrecipients to do the design work (i.e. develop plans and specifications or similar contract documents) for reconstruction, and utilize local engineering reports to inform the development of DDDs, SOWs, HMPs, and cost estimates. FEMA will also collaborate with engineering, technical, and other project formulation professionals representing the Recipient. The project formulation team (FEMA, the Recipient, and Subrecipient) will not typically wait until engineering reports, designs, plans, specifications, or other technical documents are finalized to complete project formulation but will utilize such technical information when available or can be developed within the project formulation timeline.

FEMA will utilize highly qualified cost estimators, engineers, architects, and other technical professionals during the project formulation process. FEMA will use professionals with extensive applicable experience for the sector and/or facility types being assessed and cost estimates developed.

The FEMA review process will support the collaboration. If the FEMA review process identifies any potential changes, the project formulation team will immediately be notified and provided an opportunity to accept the potential change, resolve the issue with the reviewers together, or develop other solutions.

Although different administrative processes exist for disagreements in the identification of DDDs and SOWs (facilitated discussions and then appeals) and cost estimates (Expert Panel), there will be no difference in the collaboration for those three phases of project formulation.

A. Damage Description and Dimensions (DDD), Scope of Work (SOW), and Hazard Mitigation Proposal (HMP)

Alternative procedures use a fixed-cost subaward to fund the work to repair, restore, or replace the disaster-damaged facility, including eligible costs for HMPs. To identify the eligible costs to be included

in the fixed-cost subaward, FEMA, the Recipient, and Subrecipients must first identify all disaster-related damages, document the DDD, determine eligibility, and agree upon the SOW for the repair, restoration, or replacement of the facility.

FEMA provides assistance to restore facilities on the basis of pre-disaster design and function in conformity with current applicable codes, specifications, and standards.[12] Repairs and new construction that trigger upgrade requirements as established by federal, state, and local codes and standards are eligible if they meet the criteria in 44 CFR 206.226(d) and the PAPPG, Section VII. B, Codes and Standards.

Additionally, in accordance with FEMA's policy on Required Minimum Codes and Standards, if a building is eligible for repair, replacement, or is being constructed as an improved or alternate project, FEMA generally requires that the Subrecipient incorporate the natural hazard-resistant codes and standards and related provisions referenced in the most recent published edition of the International Code Council's (ICC) International Building Code (IBC), International Existing Building Code (IEBC), or International Residential Code (IRC) into the building design and construction. In order to simplify application of this policy, general application of these codes, rather than limited application of only the hazard-resistant provisions to the eligible repair or replacement scope of work is eligible. These codes and standards must apply to the type of restoration required (e.g., repair or construction), be appropriate to the pre-disaster use of the facility, and be reasonable.

HMPs will only be considered based on the actual recovery solution to be implemented. If the recovery solution results in reduction of risk to the function of a damaged facility, 406 mitigation costs may be eligible and included in the fixed-cost subaward. The eligible 406 mitigation scope of work will be limited to that which is necessary to reduce risk to the original function at the pre-disaster capacity. The alternative procedures do not change the PA eligibility requirements for applicants, facilities, or work. FEMA's eligibility determinations and documentation of the DDD, SOW and HMP must be in accordance with PA program regulations, policy, and guidance.

Any dispute over the DDD, SOW, and HMP[13] must be resolved before a cost estimate can be completed. FEMA and the Recipient will develop a dispute resolution process in accordance with the *Recovery Directorate Manual, Public Assistance Program Appeal Procedures, Version 3* (April 7, 2014). FEMA will make an eligibility determination regarding any DDD, SOW, and/or HMP for all unresolved disputes to allow the cost estimating process to move forward. Any such determination by FEMA is subject to appeal.[14]

B. Cost Estimates and Fixed-Cost Subawards

Cost estimates for eligible scopes of work will serve as the basis for fixed-cost subawards. Fixed-cost subawards may be used to restore the pre-disaster design and function of some or all of the separate sites or facilities contained within the Recipient or Subrecipient's eligible projects, or used for a fundamentally different concept within the parameters of this guidance. The total amount of funding to restore the Recipient or Subrecipient's eligible facilities is based on the aggregate of all agreed-upon cost estimates,

[12] 44 CFR §206.226(d).

[13] HMPs may be added to the SOW after agreement on the initial cost estimate is reached, but must be agreed to prior to the 18-month deadline discussed in **B.2. Timeframes for Reaching Agreement on Cost Estimates**. Disputes over an HMP must be resolved before a cost estimate incorporating the HMP can be completed.

[14] FEMA's appeal procedures are set forth in 44 CFR §206.206.

and the amount of funding provided will not be adjusted with the exception of insurance adjustments as described in **2.C.3. Insurance Review** and adjustments for approved SOW changes associated with 406 HMPs as described in **2.C.1. Hazard Mitigation**.

B.1. Developing Cost Estimates

FEMA and the Recipient will seek expertise from mutually agreeable entities from the following to serve as a center of excellence, as further described in this section:

- Higher education institutions;
- Private-non-profit architectural, engineering, and other technical and construction associations; and
- Other necessary professional or technical entities.

The center of excellence will assist FEMA and the Recipient in the development of cost estimating methodologies and determination of appropriate Cost Estimating Format (CEF) factors for FEMA 4339-DR-PR. The center of excellence will work within and across sectors to identify innovative solutions to infrastructure restoration. The center of excellence will transition to a quality assurance and quality control (QA/QC) capacity to review cost estimates to ensure consistent application of methodologies and CEF factors in advance of potential submissions to the expert panel.

The center of excellence will also assist FEMA, the Recipient, and the Subrecipients in identifying best practices and lessons learned throughout the project formulation and cost estimating process.

After FEMA, the Recipient, and the Subrecipient have agreed to the DDD, SOW, and HMP for a project, FEMA will work collaboratively with the Recipient and Subrecipient to develop a cost estimate for the eligible permanent work associated with the project in accordance with the methodologies developed by the center of excellence. In an effort to support the expeditious delivery of assistance and reduce overall costs incurred by the Recipient and Subrecipients, FEMA will use licensed engineers and architects, certified cost estimators and construction managers, and other technical expertise as necessary, provided by its PA Technical Assistance Contractors (PA-TAC) to work collaboratively with the Recipient and Subrecipient to prepare the cost estimate. The PA-TAC will certify that the cost estimate was prepared according to applicable standards of care for estimating construction costs. Ultimately, the cost estimates for each project will represent a fixed-cost subaward.

After FEMA certifies an estimate, the Recipient and Subrecipient will review and discuss any issues or concerns with FEMA. Based on the discussions, FEMA may adjust the estimate. Cost estimates may also be subject to validation by a third-party independent expert panel as described in **2.B.3. Independent Expert Panel**. The project formulation process is designed to be collaborative, with input from the Recipient, Subrecipients, FEMA and PA-TAC, and, if necessary, the expert panel (see **Figure 1**).

Figure 1. Collaborative Project Formulation Process

Quality Assurance:
Continuous improvement recommendations, including PR appropriate means, methods, materials and pricing through FEMA/Commonwealth leadership

Damage Descriptions and Dimensions (DDD)
Goal: Reach agreement on the PA eligible, disaster related damages
COA: Collaborative approach using FEMA – PA TAC* and Commonwealth – A & E Resources (funded by DAC)

Scope of Work (SOW)
Goal: Reach agreement on the PA eligible scope of work (including codes and standards, etc.) to address agreed eligible damages
COA: Collaborative approach using FEMA – PA TAC* and Commonwealth – A & E Resources (funded by DAC)

Independent Third Party Expert Panel
Validation of cost estimates
Include PR based A&E firms selected with input from the Commonwealth

$5M+ including Subrecipient and Sector-based reviews

Cost Estimate (CE)
Goal: Agree on forward priced estimate of reasonable cost to complete the eligible scope of work
COA: Develop fair, impartial and transparent estimate using FEMA PA TAC*

**PA TAC in this role is classified as FEMA administrative costs and is not cost shared (10%) with the Commonwealth*
COA = Course of Action; DAC = Direct Administrative Cost; A & E = Architecture and Engineering; PA TAC = Public Assistance Technical Assistance Contractors

Allowable costs for the estimate include:

- Architectural, Engineering, Environmental Review, and Design Fees
    - If a project is sufficiently complex to require an architectural, engineering, or environmental analysis, FEMA will fund such analysis in an initial subaward. The subaward will describe the parameters of the analysis, and will be based on a cost estimate for the work. This estimate will ultimately be included in a fixed-cost subaward for the associated project.
    - FEMA will also include design fees for services necessary to complete the project SOW in the cost estimate. FEMA will not include additional funding in the cost estimate for architectural, engineering, and design fees associated with an improved or alternate project.
- Construction and Other Restoration Costs
    - FEMA will include all construction costs or other costs necessary to complete the eligible SOW, including required permitting fees. FEMA will also include funding for necessary project and/or construction management services in the cost estimate.
- 406 Hazard Mitigation
    - Section 406 hazard mitigation funds can be added to project funding for the repair of disaster-damaged facilities and must prevent future, similar damage. Effective with the issuance of this guidance, approved mitigation proposals will be captured within the fixed-cost subaward as a discrete fixed-cost estimate and must be based the actual recovery solution to be implemented. This agreed-upon hazard mitigation scope of work

and fixed estimate is separate from its associated repair project and estimate. For more information on 406 Hazard Mitigation, see section **2.C.1. Hazard Mitigation**.

- Direct Administrative Costs
  - Direct Administrative Costs (DAC) include costs the Recipient or Subrecipient incurs for each project for site inspections; developing the DDD, SOW, and HMP; reviewing cost estimates developed by FEMA PA-TAC; preparing correspondence; collecting, copying, filing, or submitting documents to support the costs claimed; and requesting disbursement of PA funds.
  - The Recipient has indicated that it will be requiring all Subrecipients to opt in to FEMA's *Public Assistance Alternative Procedures Policy for DAC*, which allows for funding DAC with a 4% allowance plus a 1% closeout incentive based on the eligible costs of all of a Subrecipient's PWs. Under this policy, FEMA provides DAC funding under one, Category Z PW for each Subrecipient. Accordingly, FEMA will include no additional funding for DAC in the fixed cost estimates developed in accordance with this document.
  - For Subrecipient subawards, the Recipient acts as the pass-through entity and may incur DAC associated with a Subrecipient's project(s). For eligible DAC activities the Recipient performs associated with a Subrecipient's project(s), FEMA will fund the Recipient's DAC based on actual, reasonable costs tracked by individual project.

Once FEMA, the Recipient, and the Subrecipient agree to the fixed estimate for the subaward, there will be no further adjustment, with the exception of insurance adjustments as described in **2.C.3. Insurance Review** and adjustments for approved SOW changes associated with 406 Hazard Mitigation Proposals as described in **2.C.1. Hazard Mitigation**. Note that FEMA's CEF includes contingency factors for hidden damage, unforeseen EHP requirements, and other unidentified circumstances.

If the final actual costs are more than the approved fixed-cost subaward, FEMA will not approve additional funds. If final actual costs are less than the fixed amount, the Applicant may use the excess funds for the purposes described in **2.D.3. Use of Excess Funds**.

B.2. Timeframes for Reaching Agreement on Cost Estimates

The alternative procedures do not change the regulatory timeline for identifying disaster damage.[15] In order to expedite assistance, agreement on the cost estimate of each project must be reached within 18 months of the date of publication of this guide (see **Figure 2**). After that date, any costs that are not subject to a signed Fixed-Cost Estimate Agreement or active appeal following a disputed FEMA determination, are not eligible for consideration or inclusion in a fixed-cost subaward.

The Federal Coordinating Officer and Recipient shall re-visit this issue after 12-months from the date of publication of this guide. If it is apparent at that time that there will be a need for time extensions, FEMA and Recipient shall develop procedures for extending the 18-month deadline, on a project-by-project basis, based on extenuating circumstances. These time extension procedures shall address projects that are under an active appeal, projects within the 60-day window following a FEMA determination which may be subject to appeal, projects that are or may be submitted to the expert panel, or projects with other technical or programmatic complexities in which additional time is needed to develop a proper cost estimate.

[15] 44 CFR §206.202(d)(1)(ii).

Figure 2. Deadline for Reaching Agreement on Fixed Estimates

Independent Third Party Expert Panel

Identify Damages

Agree on DDD and SOW

Initial Cost Estimate

Agree on Fixed Estimate

Concurrent Mitigation, EHP, and Insurance Reviews where possible and appropriate

Date of Guide Publication

428/90% federal cost share for Permanent Work

18 months

Time limit for agreeing on Fixed Estimates

Note: *Requests for use of excess funds may occur after the 18-month deadline. However, once agreement is reached, no adjustments to the fixed-cost estimate will be made with the exception of insurance adjustments as described in* ***2.C.3. Insurance Review*** *and adjustments for approved SOW changes associated with 406 Hazard Mitigation Proposals as described in* ***2.C.1. Hazard Mitigation****.*

B.3. Independent Expert Panel

FEMA and the Recipient will form a third-party independent expert panel to validate cost estimates as described below. This expert panel will be comprised of design, engineering, construction, cost-estimating, industry professionals, and other experts as necessary including representatives with extensive design and construction experience in Puerto Rico.

The expert panel will be physically located in the DR-4339 Joint Field Office, and will report to the FCO or a designee of the FCO. The expert panel will be able to conduct site assessments, and meet with FEMA, Recipient, and Subrecipient officials during their validation process, to the extent necessary. The FCO and Recipient will jointly establish the expert panel, which will be funded directly by FEMA. The expert panel shall have the ability to supplement members of the panel by directly contracting for cost estimation resources and experts that are independent of the PA-TAC contractors providing the initial estimates that have been referred to this panel.

The expert panel will review cost estimates and 50% Rule calculations that meet the following criteria, and validate or make adjustments as necessary or appropriate. FEMA will adjust the cost estimate and 50% Rule calculations based on the panel's findings.

1. Projects with cost estimates of $5 million or more;
2. Any project where FEMA and the Recipient and/or Subrecipient cannot reach agreement on the cost estimate.

3. When the replacement estimate used in 50 percent rule calculations is greater than $5 million.[16]

After three months from the date of publication of this guide, FEMA shall re-visit the $5 million threshold requiring validation and potentially increase the threshold if estimates are clearing validation consistently.

Though the expert panel is accountable to the FCO and Recipient for the purposes of work assignments, the expert panel is independent in its validation of cost estimates and findings, which are binding on FEMA and the Recipient.

It is expected that the expert panel validation will be completed within the required timeframe discussed in ***2.B.2. Timeframes for Reaching Agreement on Cost Estimates***.

C. Special Consideration Reviews

Each project will be reviewed for special considerations including Hazard Mitigation, EHP, and Insurance. These reviews are required before a fixed-cost subaward can be approved and obligated. The actions taken in these reviews for fixed-cost subawards are described below.

C.1. Hazard Mitigation

Section 406 hazard mitigation funds are funds that can be added to projects for the restoration of disaster-damaged facilities and must prevent future damage similar to that caused by the declared event. Under DR-4339-PR, Section 406 hazard mitigation funds are based on eligible, technically feasible, and cost effective mitigation activities proposed to reduce risk to the function of the disaster-damaged facilities. The approved eligible 406 mitigation costs will be captured within the fixed-cost subaward as a discrete SOW and fixed-cost estimate. The 406 mitigation SOW must be based on the actual recovery solution to be implemented. This agreed-upon 406 hazard mitigation SOW and fixed estimate is separate from its associated restoration SOW and fixed estimate; however, the estimate for 406 hazard mitigation must be agreed to within the 18-month period discussed above. The Federal Coordinating Officer and Recipient shall re-visit this required time frame after 12-months from the date of publication of this guide to evaluate the need for adjustment

A Subrecipient may alter the 406 hazard mitigation SOW (HMP) after FEMA, the Recipient, and Subrecipient agree on the cost estimate for the initial proposal. After the project is obligated, the SOW for the HMP can be changed only once and the change must occur within the 18-month period. The proposed change will require evaluation by FEMA for eligibility and EHP. As part of the eligibility review, FEMA will evaluate the SOW, technical feasibility, level of protection,[17] revised cost estimate, and cost effectiveness of the new hazard mitigation proposal, and, if approved, will adjust the scope and cost estimate accordingly.

To achieve consistency between 404 mitigation and 406 mitigation grants, and maximize FEMA's ability

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[16] Repair and replacement estimates used in 50% rule calculations exclude work and costs that may be eligible once FEMA determines whether repair or replacement is eligible. See FEMA's PAPPG for more information.

[17] "Level of protection" is the specific quantitative or qualitative degree to which the hazard is being protected against in an approved HMP (e.g., flood, wind, fire, etc.). For flood mitigation, this could refer to the percent annual chance of future floods (e.g., 100-year flood / 0.1% chance that dictates a specific elevation in feet/inches usually based on the design flood elevation, plus any additional SLR). For fire mitigation, this could refer to the use of fire-resistant material up to a specific temperature.

to support and encourage cost-effective hazard mitigation:

- Under FEMA-4339-DR-PR, 404 mitigation opportunities shall be identified and developed parallel to 406 recovery efforts.
- When the 404 and 406 mitigation grants apply to the same facility and the 406 hazard mitigation SOW is changed after the fixed-cost subaward has been agreed to, the 404 grant shall be re-evaluated in accordance with 44 CFR §206.434.

C.2. EHP Compliance Review

FEMA will consider natural and cultural resources during development of an applicant's recovery projects. Early integration of natural and cultural resource considerations during project scoping, formulation, and design will provide efficiencies in the EHP review process. EHP compliance review will proceed as soon as SOWs have been established and agreed upon. This can occur prior to agreement on cost estimates or concurrently, and prior to formally documenting DDDs, SOWs, and HMPs in FEMA's PA system of record.

FEMA will complete the review prior to obligating funds and prior to any construction. Once the project is obligated, FEMA's EHP review process is complete for that obligated project and the Recipient or Subrecipient is responsible for complying with all grant conditions, including obtaining all necessary permits prior to start of construction. Construction includes all actions that have the potential to impact the environment and historic properties, including archaeological resources, and typically includes demolition and site preparation.

If the Recipient or Subrecipient proposes a change in the SOW of an approved project, FEMA will conduct an EHP compliance review of the revised SOW. For some changes in SOW, additional investigations, studies, or surveys may be necessary. In some circumstances for certain actions, no further EHP review will be required. Upon completion of FEMA's EHP review or if no further review is required, FEMA can approve the SOW change.

When FEMA's review of proposed work indicates the need for an Environmental Assessment, Environmental Impact Statement, or remedial actions required by EHP laws, regulations, and/or executive orders, the Recipient or Subrecipient is responsible for conducting work associated with analyses and performing remedial measures necessary to satisfy EHP compliance requirements in accordance with FEMA Directive 108-1: Environmental Planning and Historic Preservation Responsibilities and Program Requirements and accompanying Instruction on Implementation of the Environmental Planning and Historic Preservation Responsibilities and Program Requirements.[18]

If the Recipient or Subrecipient intends to use a fixed-cost subaward to pursue an improved or alternate project,[19] EHP will only conduct a cursory review of the original SOW. Notification of the Recipient or Subrecipient's intent to pursue an improved or alternate project will allow FEMA to focus EHP resources and early integration of natural and cultural resource considerations to the actual improved or alternate project. A thorough EHP compliance review will proceed as soon as the improved or alternate project SOW has been formulated and submitted to FEMA.

If the Recipient or Subrecipient does not comply with any of the EHP-related conditions of the subaward, FEMA will deobligate the funding for any non-compliant SOW.

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[18] www.fema.gov/media-library/assets/documents/118323
[19] See 44 CFR §206.203(d).

C.3. Insurance Review

FEMA will evaluate insurance coverage for an alternative procedures project to determine:

- Known actual insurance proceeds for the eligible work; or
- The anticipated insurance proceeds for the eligible work based upon the coverage in place, if the actual proceeds are not known.

Insurance reductions will be based on actual or anticipated proceeds for the disaster-damaged facility. The cost estimate for a fixed-cost subaward will maintain this reduction, even if the Recipient or Subrecipient does not perform the original scope of work. The overall agreed-upon fixed cost will not be revised. The only exception is when actual insurance proceeds differ from the anticipated insurance proceeds. Specifically, if actual insurance proceeds exceed the amount of the reduction based on anticipated insurance proceeds, the Recipient or Subrecipient will have to return to FEMA the difference between those amounts in order to avoid a duplication of benefits under Section 312 of the Stafford Act.

Conversely, if actual insurance proceeds are less than the amount of the anticipated insurance proceeds used to calculate the reduction, and the Recipient or Subrecipient demonstrates that it performed the due diligence required in pursuing all available insurance proceeds, FEMA will increase the fixed-cost subaward to account for the difference between those amounts.

Additionally, under Section 311(b) of the Stafford Act and 44 CFR §206.252(d), the Recipient or Subrecipient is required to obtain and maintain flood insurance in the amount of eligible disaster assistance as a condition of receiving federal assistance. This requirement is inclusive of areas both inside and outside of the Special Flood Hazard Area. For damage caused by disasters other than flood, under Section 311(b) of the Stafford Act and 44 CFR §206.253(b)(1), the Recipient or Subrecipient is required to obtain and maintain such types and amounts of insurance as are reasonable and necessary to protect against future damage from the types of hazard that caused the major disaster.

D. Use of Funding

The Recipient or Subrecipient may use funds from the fixed-cost subawards for:

- Repair, restoration, or replacement of disaster-damaged facilities and equipment;
- Construction of new facilities to include land acquisition;
- Purchase of equipment; or
- Measures that reduce future risk.

If funds for 406 mitigation are included in the fixed-cost subaward, the Subrecipient must complete the approved scope of work of the HMP in order to retain the 406 mitigation funding.

D.1. Use of Funds within an Approved Project

The Recipient or Subrecipient may use funding from a fixed-cost subaward to complete the approved SOW associated with the project. Under PA Alternative Procedures, the Recipient or Subrecipient may also share funding from a fixed-cost subaward across any of its other fixed-cost subawards and eligible facilities in order to best meet its post-disaster recovery needs.

The following scenario illustrates the concept.

- Multiple DDDs and SOWs are developed for the restoration of all the Recipient or Subrecipient's facilities and sites damaged by the declared event. Cost estimates are developed and agreed upon

for each SOW and used as the basis for fixed-cost subawards. In the course of completing the eligible work associated with each approved project, the Recipient or Subrecipient discovers the actual cost of some projects is less than the fixed-cost subaward and the actual cost of other projects is greater than the fixed-cost subaward. The Recipient or Subrecipient has the flexibility to use funds from the some projects to cover some or all of the costs for other projects.

D.2. Use of Funds for an Improved or Alternate Project

The Recipient or Subrecipient may use any of the funds in its subaward toward an improved or alternate project, but it must notify FEMA when it determines how the funds will be used. If the project results in a reduction of risk to the function of a damaged facility, 406 mitigation costs may also be eligible and included in the fixed-cost subaward. The amount of eligible 406 mitigation funding included in the HMP will be limited to that associated with the capacity of the pre-disaster design of the facility. The Recipient or Subrecipient may not request an improved or alternate project after it completes the scope of work of a fixed-cost subaward and determines it has excess funds. The use of excess funds is limited to the purposes described in **2.D.3. Use of Excess Funds**.

Under standard PA procedures, FEMA reduces the federal share of eligible costs for alternate projects in accordance with the requirements of Sections 406(c)(1) and 406(c)(2) of the Stafford Act. FEMA will not apply this reduction to fixed-cost subawards funded under alternative procedures. All alternate project scopes of work require FEMA's review and approval in accordance with PA Program requirements. As appropriate, requirements to obtain and maintain insurance apply to alternate and improved projects.

D.3. Use of Excess Funds

Excess funds exist when the final actual cost of the work under all of the Recipient's or a Subrecipient's subawards is less than the total of all cost estimates used as the basis for the fixed-cost subawards. When the Recipient or Subrecipient has completed all of the approved scopes of work in all of its subawards for less than the agreed upon aggregate cost estimate, it must submit a request to close its final subaward, certify final costs, and submit a request to use excess funds within 90 days of the end of the final project's completion date or period of performance, whichever is sooner, to the Recipient. The Recipient must submit the request to FEMA within 180 days of the end of the final project's completion date or period of performance, whichever is sooner. If a Subrecipient has multiple subawards, it must submit a request to close each subaward based on the above timeline, but does not submit a request to use excess funds until its last project is complete. As part of this request, the Recipient or Subrecipient must also provide information for intended use of the excess funds, to include the scope of work and project timeline. FEMA will initiate closure of the final subaward and prepare a new subaward to document the use of the eligible excess funds and conduct all required reviews prior to obligation. If a Subrecipient has only one subaward, it must submit its request within 90 days of completion of the final project funded under that subaward is complete or of the end of the period of performance of the subaward, whichever is sooner.

As appropriate, requirements to obtain and maintain insurance apply to work funded with excess funds. If the Recipient or Subrecipient does not expend all excess funds within the approved period of performance, FEMA will deobligate the unspent funds.

The Recipient or Subrecipient may use all or part of the excess funds for:

- Cost-effective activities that reduce the risk of future damage, hardship, or suffering from a major disaster; and
- Other activities to improve future Public Assistance operations or planning.

The Recipient or Subrecipient may use the funds for hazard mitigation on disaster-damaged facilities or facilities not damaged in the declared disaster. However, the mitigation must be applied to facilities that would otherwise be eligible for PA funding. Mitigation measures must be cost effective; the Recipient or Subrecipient is responsible for documenting cost effectiveness.

D.4. Unallowable Use of Funds

The funds may not be used for the restoration of facilities or equipment, or to mitigate facilities, not otherwise eligible for PA funding pursuant to Section 406 of the Stafford Act. The funds may also not be used to:

- Meet the local cost share for PA projects or other Federal awards;
- Pay down debts;
- Cover budget shortfalls;
- Meet operating expenses; or
- Conduct planning and design that go beyond the work related to the subaward(s), such as community-wide planning.

3. Awards Management Requirements

The process for monitoring and closing subawards is streamlined under the alternative procedures. The sections below outline subaward management requirements.

A. Award Management Activities

For subawards funded under the alternative procedures, major activities conducted during the Award Management phase are as follows:

- FEMA and the Recipient will implement FEMA's *Public Assistance Alternative Procedures (Section 428) Internal Controls Considerations and Assessment Plan*.
- The Recipient or Subrecipient must complete work within established regulatory timeframes and request time extensions as appropriate.
- The Recipient or Subrecipient must submit quarterly progress reports to the recipient for large projects in which the work is not completed and financially reconciled.
- The Recipient will provide funds to Subrecipients in accordance with Federal[20] and Commonwealth requirements.
- Subawards under alternative procedures are also subject to Strategic Funds Management (SFM), as appropriate, as outlined in guidance for the SFM initiative.
- The Recipient will ensure that Subrecipients understand and adhere to Federal procurement requirements, as well as other requirements of 2 CFR Part 200.
- The Recipient will ensure Subrecipient compliance with EHP requirements, notify FEMA of work requiring EHP compliance reviews, and provide necessary documentation to conduct EHP reviews.

B. Subaward Closure

Alternative procedures subawards may be closed when the approved scope of work is completed. Subrecipients will submit to the Recipient a final report of project costs. Review of this report will not result in additional funding for fixed-cost subawards under the alternative procedures, nor a reduction in funding if the Recipient or Subrecipient elects to use excess funds for allowable purposes.[21] The final report should include documentation supporting the following components:

- Actual work completed with fixed-cost subaward funds;
- Mitigation measures achieved, if applicable;
- Compliance with EHP conditions and requirements to obtain insurance;
- Total actual costs to complete the project;
- Compliance with Federal procurement procedures; and
- Actual insurance proceeds received by the Recipient or Subrecipient.

The Recipient will review the final report and provide it to FEMA. The Recipient will certify that all information is accurate and request subaward closure. Neither the Subrecipient nor the Recipient will be required to submit documentation to support any costs that FEMA previously reviewed as part of the manual drawdown process, nor will FEMA closeout staff review documentation that it already reviewed

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[20] Specifically, the Cash Management Improvement Act of 1990 (CMIA)
[21] 44 CFR §206.205(b).

as part of the manual drawdown process. Based upon the outcome of the financial accounting, the Recipient or Subrecipient may request that excess funds be included in a new subaward, for use within regulatory timeframes and applicable extensions.

C. Appeals

For subawards funded using the alternative procedures, the Recipient or Subrecipient may submit an appeal, in accordance with 44 CFR §206.206, if the Recipient or Subrecipient and FEMA could not resolve differences regarding damage descriptions or scopes of work, and for corrective actions resulting from compliance reviews such as an audit. FEMA will adjust cost estimates based on the Third-Party Independent Expert Panel's recommendations; thus, Recipients and Subrecipients may not bring appeals for additional costs related to a fixed-cost subaward.

D. Audits and Compliance Reviews

The Office of Inspector General will have the ability to audit the Recipient, any Subrecipient, and/or any subaward. FEMA can also conduct compliance reviews of subawards. For alternative procedures subawards, a compliance audit will review subawards and costs to ensure that the Recipient and, where applicable, the Subrecipient complied with this document's guidelines and other applicable requirements. Any corrective actions FEMA takes as a result of these audits or compliance reviews may be appealed in accordance with 44 CFR §206.206.

Appendix A Specific Changes to PA Alternative Procedures for Puerto Rico

Change	Version 3	Version for Puerto Rico	Reason for Change
Participation in 428 for permanent work	Voluntary	Applicable to all permanent work	Commonwealth elected to apply 428 PAAP for all permanent work on October 30, 2017 per the President's letter dated November 2, 2017 and published to the Federal Register on November 16, 2017
Deadline to agree on fixed estimate	12 months from declaration date	18 months from the date of publication of the guide	To allow sufficient time to identify eligible work and prepare cost estimates
Basis for eligible Section 406 hazard mitigation to be included in the fixed grant.	Retention of 406 mitigation funds where prevention of future similar damage is of greater or equal benefit than that which would have been achieved with the approved mitigation scope of work in the originally approved repair subaward.	The portion of the recovery solution that reduces risk of future similar damages may be considered eligible 406 mitigation. The project must be shown to be cost-effective and will be limited to the pre-disaster capacity of the damaged facility/facilities.	Provides efficiencies in the process as it eliminates the requirement of preparing a scope of work, cost, and cost-effectiveness analysis for mitigation that would have been eligible at the disaster-damaged facility, and comparing risk reduction to the proposed mitigation actions. It also provides flexibility in that there is no pre-determined limit to the cost of mitigation, as long as it is shown to be cost-effective, and is limited to mitigation of the pre-disaster capacity of a facility.
Fixed-cost estimate for HMP	Part of the same fixed estimate for the associated project	Separate from the associated project	Reduces administrative burden for potential changes in SOW and ensures discretionary hazard mitigation funds are only applied to eligible hazard mitigation activities
Applicant-provided estimates	Accepted from licensed professional and validated by FEMA	FEMA licensed professionals develop estimates; not accepting Applicant estimates	As 428 applies to all permanent work, FEMA developing the estimates saves time and expedites the delivery of assistance; it also saves the Commonwealth the 10% cost share and avoids challenges associated with procurement
Direct Administrative Costs (DAC)	DAC is based on an estimate as part of the fixed-cost estimate	No DAC allowance is provided for each project as part of the fixed-cost estimate	The Recipient has indicated that it will be requiring all Subrecipients to opt in to FEMA's *Public Assistance Alternative Procedures Policy for DAC*, which allows for funding DAC under 1 PW per Subrecipient with a 4% allowance plus a 1% closeout incentive based on the eligible costs of all of a Subrecipient's PWs.

Appendix B Fixed-Cost Estimate Agreement Letter

The undersigned Recipient or Subrecipient incurred disaster-related damages to **[insert description of facility]** as a result of Hurricane Maria (DR-4339-PR). In accordance with the President's disaster declaration, 42 U.S.C. § 5189f, 44 CFR Part 206, and the Public Assistance Alternative Procedures Guide for Permanent Work in Puerto Rico, the undersigned Recipient or Subrecipient seeks a Public Assistance fixed-cost subaward for the Federal share of its disaster-related costs to repair, restore, or replace the facility and eligible Section 406 mitigation measures.

To achieve this, FEMA, the Recipient, and the Subrecipient worked together to:

- Identify damaged facilities;
- Identify and document potential mitigation opportunities;
- Complete site inspections and assessments;
- Develop and agree to damage descriptions and dimensions and a scope of work;
- Conduct insurance, environmental, and historic preservation compliance reviews; and
- Develop and agree to cost estimates to repair, restore, or replace eligible facilities, and eligible Section 406 hazard mitigation.

The initial cost estimate to complete the scope of work ☐was / ☐ was not reviewed by the Section 428 Third-party Independent Expert Panel.

FEMA, the Recipient, and the Subrecipient ☐have /☐have not reached agreement on the estimated costs to complete the work documented in Project Worksheet # _____________, in the amount of $_______________ for disaster-related repair/restoration/replacement and $_______________ for Section 406 mitigation, and agree that these estimates are now fixed and may serve as the basis for a fixed-cost subaward.

The Recipient and Subrecipient acknowledge there will be no further adjustment to the costs associated with this project, facility, or subaward, with the exception of approved SOW changes associated with 406 Hazard Mitigation Proposals as described in **2.C.1. Hazard Mitigation** and insurance adjustments as described in section **2.C.3. Insurance Review** of the Public Assistance Alternative Procedures Guide for Permanent Work in Puerto Rico (the Guide). If the final actual costs are more than the approved fixed-cost subaward, FEMA will not approve additional funds. If final actual costs are less than the approved fixed-cost subaward, the Recipient or Subrecipient may use the Excess Funds for the purposes described in section **2.D.4. Use of Excess Funds**, of the Guide.

By signing below, the Recipient and Subrecipient acknowledge:

- FEMA will only reimburse for allowable costs in accordance with 2 CFR Part 200;
- FEMA will not change the amount of this fixed-cost subaward except as set forth in sections **2.C.1. Hazard Mitigation** and **2.C.3. Insurance Review** of the Guide;
- The Recipient or Subrecipient may share its funding across the Subrecipient's fixed-cost subawards to meet its post-disaster recovery needs as provided in section **2.D. Use of Funding** of the Guide. However, if funds for 406 mitigation are included in the fixed-cost subaward, those funds must be used for the implementation of the 406 mitigation measures identified in the HMP;
- Failure to comply with the requirements of applicable laws, regulations, and policies governing Public Assistance, including but not limited to the Guide (such as procurement and contracting, environmental and historic preservation compliance, and audit and financial accountability) may lead

to loss of federal funding.

Name of Subrecipient (if applicable): ______________________________________

____ ________________
Signature of Subrecipient's Authorized Representative Date

____
Printed Name and Title

____ ________________
Signature of Recipient's Authorized Representative Date

____
Printed Name and Title

____ ________________
Signature of FEMA Authorized Representative Date

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Printed Name and Title